

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

FAIRCHILD SEMICONDUCTOR
CORPORATION, a Delaware corporation,
INTERSIL AMERICAS, INC., a Delaware
corporation, and INTERSIL
CORPORATION, a Delaware corporation,

Plaintiffs,

v.

POWER INTEGRATIONS, INC., a
Delaware corporation,

Defendant.

REDACTED

C.A. No. 07-187 (JJF)

**CONTAINS CONFIDENTIAL
INFORMATION – SUBJECT TO
PROTECTIVE ORDER**

FILED UNDER SEAL

**DECLARATION OF KYLE WAGNER COMPTON IN SUPPORT OF
POWER INTEGRATIONS, INC.'S OPENING BRIEF
IN SUPPORT OF ITS MOTION TO DISMISS**

I, Kyle Wagner Compton, declare as follows:

1. I am an Associate with Fish & Richardson P.C., counsel for Defendant Power Integrations, Inc. ("Power Integrations"). I make the following statements based on personal knowledge, except where noted.
2. Attached hereto as Exhibit A is a true and correct copy of the Jury Verdict entered in the matter of *Power Integrations, Inc. v. Fairchild Semiconductor International, Inc. and Fairchild Semiconductor Corp.*, C.A. No. 04-1371-JJF, on October 10, 2006.
- 3.
- 4.

Corp. and Intersil Corp. dated March 16, 2001, bearing production numbers FCS1685986 – FCS1685992.

5. Attached hereto as Exhibit D is a true and correct copy of the redacted Patent License Agreement between Fairchild Semiconductor Corp. and Intersil Corp. dated March 30, 2006, bearing production numbers I 000704 – I 000709, as produced by counsel for Intersil in the matter of *Power Integrations, Inc. v. Fairchild Semiconductor International, Inc. and Fairchild Semiconductor Corp.*, C.A. No. 04-1371-JJF.

6. Attached hereto as Exhibit E is a true and correct copy of a Fairchild Semiconductor press release dated April 11, 2006.

7. Attached hereto as Exhibit F is a true and correct copy of the Supplemental Agreement between Fairchild Semiconductor Corp., Intersil Corp., and Intersil Americas, Inc. dated May 18, 2006, bearing production number I 000703.

I declare under penalty of perjury that the foregoing is true and accurate.

Executed this 7th day of September, 2007, in Wilmington, Delaware.

/s/ Kyle Wagner Compton
Kyle Wagner Compton

CERTIFICATE OF SERVICE

I hereby certify that on September 7, 2007, I served the DECLARATION OF KYLE WAGNER COMPTON IN SUPPORT OF POWER INTEGRATIONS, INC.'S OPENING BRIEF IN SUPPORT OF ITS MOTION TO DISMISS on the following counsel of record at the address and in the manner indicated.

BY HAND DELIVERY

Steven J. Balick, Esq.
Ashby & Geddes
500 Delaware Avenue, 8th Floor
Wilmington, DE 19899

Attorneys for Plaintiffs
FAIRCHILD SEMICONDUCTOR
CORPORATION, INTERSIL
AMERICAS, INC., and INTERSIL
CORPORATION

BY EMAIL AND FEDERAL EXPRESS

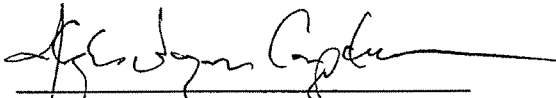
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FAIRCHILD SEMICONDUCTOR
CORPORATION, INTERSIL
AMERICAS, INC., and INTERSIL
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BY FEDERAL EXPRESS

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Dallas, Texas 75201

Attorneys for Plaintiff,
INTERASIL CORPORATION



Kyle Wagner Compton

Exhibit A

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

*Filed in open Court
10/10/06 dle.*

POWER INTEGRATIONS, INC., a
Delaware corporation,

Plaintiff,

v.

FAIRCHILD SEMICONDUCTOR
INTERNATIONAL, INC., a Delaware
corporation, and FAIRCHILD
SEMICONDUCTOR CORPORATION, a
Delaware corporation,

Defendants.

C.A. No. 04-1371 JJF

SPECIAL VERDICT FORM

We, the jury, unanimously find as follows:

INFRINGEMENT OF POWER INTEGRATIONS' '876 PATENT

Infringement of the '876 Patent

1. Do you find by a preponderance of the evidence that Fairchild has literally infringed the following claims of the '876 Patent? (A "YES" answer to this question is a finding for Power Integrations. A "NO" answer is a finding for Fairchild.)

Claim 1: YES X NO

2. If you answered "NO" as to any claim(s) in question 1, do you find by a preponderance of the evidence that Fairchild nevertheless infringes the claim(s) under the doctrine of equivalents? (A "YES" answer to this question is a finding for Power Integrations. A "NO" answer is a finding for Fairchild.)

Claim 1: YES NO

Willful Infringement of the '876 Patent

3. If you answered "YES" as to any claims for any of questions 1-2, do you find by clear and convincing evidence that Fairchild's infringement of the claim(s) was willful? (A "YES" answer to this question is a finding for Power Integrations. A "NO" answer is a finding for Fairchild.)

YES X NO

INFRINGEMENT OF POWER INTEGRATIONS' '851 PATENT
Infringement of the '851 Patent

4. Do you find by a preponderance of the evidence that Fairchild has literally infringed the following claims of the '851 Patent? (A "YES" answer to this question is a finding for Power Integrations. A "NO" answer is a finding for Fairchild.)

Claim 1: YES X NO

Claim 4: YES X NO

5. If you answered "NO" as to any claim(s) in question 4, do you find by a preponderance of the evidence that Fairchild nevertheless infringes the claim(s) under the doctrine of equivalents? (A "YES" answer to this question is a finding for Power Integrations. A "NO" answer is a finding for Fairchild.)

Claim 1: YES NO

Claim 4: YES NO

Willful Infringement of the '851 Patent

6. If you answered "YES" as to any claims for any of questions 4-5, do you find by clear and convincing evidence that Fairchild's infringement of the claim(s) was willful? (A "YES" answer to this question is a finding for Power Integrations. A "NO" answer is a finding for Fairchild.)

YES X NO

INFRINGEMENT OF POWER INTEGRATIONS' '366 PATENT

Infringement of the '366 Patent

7. Do you find by a preponderance of the evidence that Fairchild has literally infringed the following claims of the '366 Patent? (A "YES" answer to this question is a finding for Power Integrations. A "NO" answer is a finding for Fairchild.)

Claim 9: YES X NO

Claim 14: YES X NO

8. If you answered "NO" as to any claim(s) in question 7, do you find by a preponderance of the evidence that Fairchild nevertheless infringes the claim(s) under the doctrine of equivalents? (A "YES" answer to this question is a finding for Power Integrations. A "NO" answer is a finding for Fairchild.)

Claim 9: YES NO

Claim 14: YES NO

Willful Infringement of the '366 Patent

9. If you answered "YES" as to any claims for any of questions 7-8, do you find by clear and convincing evidence that Fairchild's infringement of the claim(s) was willful? (A "YES" answer to this question is a finding for Power Integrations. A "NO" answer is a finding for Fairchild.)

YES X NO

INFRINGEMENT OF POWER INTEGRATIONS' '075 PATENT

Infringement of the '075 Patent

10. Do you find by a preponderance of the evidence that Fairchild has literally infringed the following claims of the '075 Patent? (A "YES" answer to this question is a finding for Power Integrations. A "NO" answer is a finding for Fairchild.)

Claim 1: YES X NO

Claim 5: YES X NO

Willful Infringement of the '075 Patent

11. If you answered "YES" as to any claims for question 10, do you find by clear and convincing evidence that Fairchild's infringement of the claim(s) was willful? (A "YES" answer to this question is a finding for Power Integrations. A "NO" answer is a finding for Fairchild.)

YES X NO

DAMAGES DUE TO POWER INTEGRATIONS

Damages for Infringement of the '876, '851, '366, and/or '075 Patents

12. If you have found that Fairchild has infringed at least one asserted claim from any of the '876, '851, '366, and/or '075 Patents, do you find by a preponderance of the evidence that Power Integrations suffered actual damages as a result of Fairchild's infringement? (A "YES" answer to this question is a finding for Power Integrations. A "NO" answer is a finding for Fairchild.)

YES X NO

13. If you answered "YES" to question 12, state the type and amount of damages you find Power Integrations to have proven by a preponderance of the evidence:

(A) Lost Profits from Lost Sales ('876 and/or '851 patent only):

\$ 14,981,828

(B) Past Lost Profits from Price Erosion: \$ 1,952,893

(C) Future Lost Profits from Price Erosion: \$ 13,018,379

(D1) Reasonable Royalty (in addition to Lost Profits from Lost Sales):

\$ 4,028,681 (or)

(D2) Reasonable Royalty (if no Lost Profits from Lost Sales):

TOTAL DAMAGES \$ 33,981,781

3. If you answered "YES" to question 12, please state the applicable royalty rates that should apply to each patent you found Fairchild infringed:

'876 Patent 15%

'851 Patent 15%

'366 Patent 15%

'075 Patent 15%

You must each sign this Verdict Form:

Dated: 10.10.06

[Signature] (foreperson)

[Signature]

Judith Taylor

Gary Bradley

[Signature]

Leah S. Fletcher

Elizabeth Lee Roberts

Mr. B. Frey

Exhibit B

REDACTED
IN ITS ENTIRETY

Exhibit C

REDACTED
IN ITS ENTIRETY

Exhibit D

Patent License Agreement

This Patent License Agreement ("PLA") is entered into on this 30th day of March, 2006 by and between Intersil Corporation ("Intersil") and Fairchild Semiconductor Corporation ("Fairchild") (collectively, the "Parties"). The PLA is intended to supplement and, to the extent inconsistent, supersede rights conveyed under an Asset Purchase Agreement between the Parties dated January 20, 2001, including the Intellectual Property Assignment and License Agreement thereunder (all as thereafter amended and collectively, the "APA").

1. Consideration

The additional consideration to be paid and/or granted by Fairchild:

1.1 A one time lump sum payment of One Million Five Hundred Thousand Dollars (\$1,500,000.00) by March 31, 2006;

1.2 Fifty percent of any Net Proceeds to Fairchild as a result of any claims or causes of action asserted against Power Integrations, Incorporated, including its parents, subsidiaries and consolidated entities (any or all of which, "POWI") as a result of enforcement of United States Patent No. 4,823,173 and/or United States Patent No. 5,264,719, including any and all re-examinations, reissues or certificates of correction relating to such patents (collectively, the "Patents"). "Net Proceeds" means the amount of cash, if any, received by Fairchild pursuant to any judgment against, settlement or license agreement with POWI, after deduction of (i) all costs and reasonable attorneys' fees related to enforcement of the Patents and (ii) the consideration paid under paragraph 1.1 of this PLA to Intersil. All other remedies and benefits obtained shall be retained by Fairchild.

1.3 Subject to paragraph 1.2 above, Fairchild shall have the sole right to collect all monetary damages, past, current and future, all non-monetary compensation arising from direct infringement, contributory infringement or inducement of infringement (collectively "Infringement") of the Patents by POWI. Intersil hereby assigns, conveys and transfers to Fairchild the right to recovery from POWI monetary damages for Infringement, including all damages for past infringement accruing prior to the date of this PLA.

**REDACTED, CONFIDENTIAL JOINT DEFENSE
PRIVILEGE**

2.2 Fairchild agrees that it will not enter into any settlement agreement, consent judgment, agreed judgment, covenant not to sue or any other agreement with POWI that will adversely affect the Patents' enforceability, validity or the scope of any Patent's claim without the consent of Intersil. Further, Fairchild shall not, absent the express written consent of Intersil, have the right to grant to any third party, including POWI, the right to sublicense the Patents. Intersil and Fairchild will attempt to reach an agreement on standard language to be included in any such agreement that, if included without nullifying or inconsistent language, will eliminate the requirement for additional consent from Intersil.

3. Additional Rights Granted Fairchild

3.1 In addition to the rights granted to Fairchild under the APA, Intersil grants to Fairchild the sole and exclusive right, exclusive even as to Intersil, to enforce the Patents against POWI, to assert, litigate and prosecute claims of Infringement under the Patents against POWI, including without limitation in any U.S. federal court or before the International Trade Commission, and to seek all equitable, injunctive, monetary and other relief and to collect for later distribution under Paragraph 1.2 any and all past damages in connection with Infringement of the Patents by POWI, and to settle and compromise any disputes with POWI related to the Patents. Except as provided herein, the Parties agree that only Fairchild shall have the authority to threaten, commence, maintain or settle any claim, suit or proceeding based upon Infringement of the Patents (or other trespass or similar action relating to the Patents and the inventions therein claimed) by POWI.

3.2 Fairchild's rights to make, use and sell products under the APA are not expanded in any way by this PLA.

**REDACTED, CONFIDENTIAL JOINT DEFENSE
PRIVILEGE**

**REDACTED, CONFIDENTIAL JOINT DEFENSE
PRIVILEGE**

3.6 Intersil will not license or assign any rights under the Patents to POWI without the prior consent of Fairchild. Any such attempt shall be null and void *ab initio*. Any license or assignment of rights by Intersil under the Patents to any third party, licensee or foundry executed after the effective date of this PLA shall be subject to the terms and conditions of this PLA and the APA and shall expressly exclude from its scope any rights to the Patents in favor of POWI and shall prevent such party from sub-licensing, assigning or otherwise granting any rights or protection under the Patents to POWI.

**REDACTED, CONFIDENTIAL JOINT DEFENSE
PRIVILEGE**

5. Confidentiality

The terms and conditions of this PLA, all communications, discussions and correspondence relating to this PLA, and all actions taken in performance of the PLA, shall be "Common Interest Information" covered by the Joint Defense and Confidentiality Agreement between the Parties, dated March 12, 2001, and shall be maintained in strict confidence in accordance with such Joint Defense and Confidentiality Agreement. This PLA amends and supplements the APA, including the Intellectual Property Assignment and License Agreement, and the provisions of the Intellectual Property Assignment and License Agreement, for example Section 26 (Governing Law) and Section 29 (Severability), are hereby incorporated by reference.

The parties have duly executed this Agreement as of the date first above written.

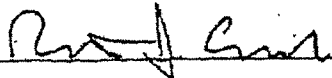
INTERSIL CORPORATION

By: _____

Name: _____

Title: _____

FAIRCHILD SEMICONDUCTOR CORPORATION

By:  _____

Name: Robert J. Conrad

Title: Senior Vice President – Analog Products

03/30/2006 19:14 FAX 321 729 5392

INTERSIL LEGAL DEPT

011

The parties have duly executed this Agreement as of the date first above written.

INTERSIL CORPORATION

By: Douglas A. Balog
Name: DOUGLAS A. BALOG
Title: ASST. SECRETARY

FAIRCHILD SEMICONDUCTOR CORPORATION

By: _____
Name: Robert J. Conrad
Title: Senior Vice President - Analog Products

Exhibit E

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Press Release

Source: Fairchild Semiconductor

Fairchild Semiconductor Files Patent Infringement Lawsuit Against Power Integrations, Inc.

Tuesday April 11, 12:36 pm ET

SOUTH PORTLAND, Maine--(BUSINESS WIRE)--April 11, 2006--Fairchild Semiconductor (NYSE: [FCS](#) - [News](#)) announced today that it has filed a patent infringement lawsuit against Power Integrations, Inc. in the United States District Court for the Eastern District of Texas.

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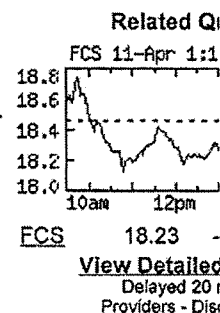
The lawsuit asserts infringement of U.S. Patent No. 5,264,719 by Power Integrations' pulse width modulation (PWM) products. Fairchild intends to take all possible steps to seek a court order to stop Power Integrations from making, using, selling, offering for sale or importing the infringing products into the United States and to obtain monetary damages for Power Integrations' infringing activities.

Fairchild and Power Integrations have been in litigation since 2004 in the United States District Court for the District of Delaware. This lawsuit is a separate action filed in the United States District Court for the Eastern District of Texas.

"What Power Integrations has not been able to achieve in the marketplace, they have sought to achieve in the court room. We are forced to respond in kind. However, in our case, Fairchild is asserting a patent that pre-dates Power Integrations' patents by at least fifteen months," said Tom Beaver, Fairchild's executive vice president for Worldwide Sales and Marketing. "We believe Power Integrations' products are infringing the '719 patent. We will take all possible steps to bring Power Integrations' infringement to a stop and to be made whole for the damages they are inflicting."

Intersil Corporation owns U.S. Patent No. 5,264,719, for High Voltage Lateral Semiconductor Devices, and is a co-plaintiff with Fairchild in the lawsuit. Fairchild has held license rights under the patent since 2001 and more recently secured exclusive rights to assert the patent against Power Integrations.

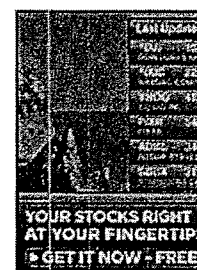
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Fairchild Semiconductor Files Patent Infringement Lawsuit Against Power Integrations, I... Page 2 of 2

Fairchild Semiconductor (NYSE: [FCS](#) - [News](#)) is the leading global supplier of high-performance power products critical to today's leading electronic applications in the computing, communications, consumer, industrial and automotive segments. As The Power Franchise®, Fairchild offers the industry's broadest portfolio of components that optimize system power. Fairchild's 9,000 employees design, manufacture and market power, analog & mixed signal, interface, logic, and optoelectronics products. Please contact us on the web at www.fairchildsemi.com.

Contact:

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fran.harrison@fairchildsemi.com
 or
 Agency Contact:
 CHEN PR
 Julianne Greenwood, 781-672-3137
 Fax: 781-466-8989
jgreenwood@chenpr.com

Source: Fairchild Semiconductor

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Exhibit F

Supplemental Agreement

This Supplemental Agreement amends and, to the extent necessary, modifies *mutu pro mutuo* the Patent License Agreement ("PLA") dated March 30, 2006 between Intersil Corporation ("Intersil") and Fairchild Semiconductor Corporation ("Fairchild") (collectively, the "Parties").

Intersil Americas, Inc. ("Intersil Americas"), as title holder of record of United States Patent No. 4,823,173 and United States Patent No. 5,264,719 (the "Patents"), hereby fully ratifies the terms of the March 30, 2006 PLA. Intersil Americas further acknowledges that its parent corporation, Intersil Corporation, was authorized to enter into the PLA on behalf of Intersil Americas, and to agree to the terms stated therein. Intersil Americas agrees to be bound by, and hereby reaffirms, the representations and warranties made by Intersil Corporation in the PLA.

It is the intent of the parties hereto that this Supplemental Agreement shall be retroactive to March 30, 2006, and shall have the effect of assigning and conveying from Intersil Americas to Fairchild, as of March 30, 2006, the specific rights to the Patents as detailed in the PLA as if Intersil Americas - and not Intersil Corporation - was the original party to the PLA. This Supplemental Agreement does not modify the substantive rights of Fairchild under the PLA, and the substantive rights afforded to Intersil Corporation under the PLA remain unchanged, but will be deemed to reside in Intersil Americas. Intersil Corporation shall remain bound under the PLA itself. This Supplemental Agreement does not alter the ongoing obligations, if any, of any Intersil related entity under the Asset Purchase Agreement and the related Intellectual Property Assignment and License Agreement between Intersil Corporation and Fairchild dated January 20, 2001. Intersil Americas assumes no obligations other than as expressly set forth herein and in the body of the PLA.

Executed on May 18, 2006, but effective March 30, 2006.

INTERSil CORPORATION

By: Douglas A. Balog
Name: DOUGLAS A. BALOG
Title: ASST. SECRETARY

INTERSil AMERICAS, INC.

By: Douglas A. Balog
Name: DOUGLAS A. BALOG
Title: ASST. SECRETARY

FAIRCHILD SEMICONDUCTOR CORPORATION

By: [Signature]
Name: PAUL C. DELUCA
Title: SVP, GENERAL COUNSEL + SECRETARY